

VIA FEDERAL EXPRESS

April 14, 2005

KR-8862

Ms. Nancy Tronaas
Compliance Project Manager
Siting & Environmental Division
California Energy Commission
1516 Ninth Street, MS-2000
Sacramento, CA 95814-5512

Re: **Kern River Cogeneration Company**
Installation of Gas Pipeline for Simple Cycle Units

Dear Ms. Tronaas:

Kern River Cogeneration Company (KRCC) is planning to install a dedicated gas pipeline that will predominantly make use of existing pipe supports (there are a few locations where new supports, anchors, sleepers will be utilized) to provide gas exclusively from Southern California Gas Company (SoCal) for the two turbine units designated for peaking operation. This petition for a post-certification amendment of KRCC is being submitted under the provisions of Section 1769 of Title 20, California Administrative Code (*CEC Rules of Practice and Procedure and Power Plant Site Certification Regulations*) to seek a minor modification such that a dedicated pipeline would be piped to the designated KRCC peaking units 3 and 4 for operation exclusively on SoCal-supplied natural gas. The petition is organized to address the informational requirements of Section 1769 in the order they appear in the section. The requirement appears in ***bold italics*** followed by a narrative response.

(A) A complete description of the proposed modifications, including new language for any conditions that will be affected

Kern River Cogeneration Company (KRCC) is a cogeneration facility located in the Kern River oilfield near Bakersfield, CA. The facility employs four (4) General Electric Frame 7EA combustion turbines (CTs) and four (4) unfired heat recovery steam generators (HRSGs) to cogenerate 300 MW (nominal rating) of electricity and 1.8 million pounds per hour of steam for enhanced oil recovery.

The current KRCC power purchase agreement will expire in August, 2005. One condition of the contract renewal currently being negotiated with Southern California Edison (SCE) will require units 3 and 4 to operate exclusively on SoCal-supplied natural gas. These two units will operate as peaking units (i.e., only operating upon the request of SCE), and as such, will require a dedicated gas supply independent of the base loaded units.

The gas pipeline has been proposed to be installed along an alignment that will predominantly make use of existing pipe supports (there are a few locations where new supports, anchors, sleepers will be utilized). An aerial photo with the proposed alignment drawn in red has been included as Attachment 1. KRCC has hired Raymond Professional Group, Inc. to prepare the design engineering for the pipeline. Engineering is scheduled to be completed by the end of April. Pursuant to the current schedule, major construction would take place over the months of June and July, 2005, with completion of tie-in and commissioning activities during the month of August, 2005. Project completion is expected by the close of August.

Additionally, a fuel gas filter separator will be installed at the KRCC site in a location designated in the drawing included as Attachment 1. The proposed fuel gas filter separator will operate in the same manner as the existing fuel gas filter separator, minimizing the exposure to contaminated gas. The byproducts of the filter separator will be sampled and handled in accordance with the applicable state and federal requirements. A copy of the specification sheet for the proposed filter separator has been included as Attachment 2.

In November, 1991, the CEC approved amendments to the KRCC and Sycamore Cogeneration Company licenses to allow the installation of a natural gas pipeline (see Attachment 3). KRCC is proposing to install the new gas line under the conditions-of-certification in this amendment.

(B) A discussion of the necessity for the proposed modifications

The modifications are necessary due to a condition of the contract renewal currently being negotiated with Southern California Edison (SCE) that will require units 3 and 4 to operate exclusively on SoCal-supplied natural gas. These two units will operate as peaking units (i.e., only operating upon the request of SCE), and as such, will require a separate gas supply than the base loaded units.

(C) If the modification is based on information that was known by the petitioner during the certification proceeding, an explanation why the issue was not raised at that time

The need for dispatchable power and gradual decline in steam demand has come about as a result of contract negotiations regarding the existing power purchase agreement which comes to term in August 2005 and contract negotiations with the thermal host. The modification is not based on information that was known to the petitioner at the time of the certification.

(D) If the modification is based on new information that changes or undermines the assumptions, rationale, findings, or other bases of the final decision, an explanation of why the change should be permitted

The proposed modification is based on new information that was not available at the time of the original decision. First, demand for steam from KRCC is gradually declining and KRCC will not be able to continue to produce and sell all of the steam it is capable of generating. Second, the electricity host has indicated that its future resource needs are focused on peaking, not baseload capacity. The electricity host has therefore asked that two of the four KRCC units be made available on a dispatchable basis, one by August 10, 2005 and the second by September 1 2005. This information was presented (with different dispatchability dates) to the commission for the AFC amendment that was approved April 9, 2004.

Since that date, the need to operate the two peaking units fueled by a dedicated gas supply line independent of the base loaded units has become a negotiated term of the proposed power purchase agreement. Southern California Edison (SCE) will require units 3 and 4 to operate exclusively on SoCal-supplied natural gas. This pipeline is proposed to be installed along an alignment that will predominantly make use of existing pipe supports (there are a few locations where new supports, anchors, sleepers will be utilized). In November, 1991, the CEC approved amendments to the KRCC and Sycamore Cogeneration Company licenses to allow the installation of a natural gas pipeline (see Attachment 3). KRCC is proposing to install the new gas line under the conditions-of-certification stipulated in this amendment.

(E) An analysis of the impacts the modification may have on the environment and proposed measures to mitigate any significant adverse impacts

In accordance with the CEC license amendments, all biological, paleontological and archeological issues will be addressed prior to construction. A biological evaluation has been performed along the corridor of the proposed pipeline by a qualified biologist. A copy of this report has been included as Attachment 4. Based on the report, the impacts are minimal and mitigation measures detailed in the CEC conditions-of-certification are adequate to minimize any possible project impacts to less than significant levels. No other environmental issues or concerns are impacted by the proposed change and no additional analysis is needed for other environmental issue areas.

(F) A discussion of the impact of the modification on the facility's ability to comply with applicable laws, ordinances, regulations, and standards

The proposed changes will comply with all applicable laws, ordinances, regulations and standards as demonstrated by the attached CEC license amendment (Attachment 3).

(G) A discussion of how the modification affects the public

The proposed revisions will have no impact on the public since all construction will be performed within a gated oilfield.

(H) A list of property owners potentially affected by the modification

There are no property owners that will be affected by the proposed modification. A single property owner is located within 1000 feet of the KRCC site, ChevronTexaco. The applicable contact information for ChevronTexaco is provided below:

ChevronTexaco
P. O. Box 1392
1546 China Grade Loop
Bakersfield, CA 93302

(I) A discussion of the potential effect on near by property owners, the public and the parties in the application proceedings

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The proposed revisions will have no impact on near by property owners, since the construction will be similar to work typically performed within an oilfield.

We are hopeful that this minor amendment can be reviewed and processed as soon as possible. If you have any questions, please contact Daniel Beck at (661) 392-2461 or Mervyn Soares at (661) 392-2643.

DLB:yh

Attachment

bxc: R. T. Muse (w/o attachment)
K. A. Johnson (w/o attachment)
J. A. Blackmon (w/o attachment)
David Stein, URS (w/attachment)

ATTACHMENT 1

ATTACHMENT 2

ATTACHMENT 3

ATTACHMENT 4